

CUSTOMER NOTICE

OHIO AMERICAN WATER COMPANY CASE NO. 11-151-WW-SIC

An Ohio law, effective January 4, 2004, created an infrastructure improvement surcharge, known as the System Improvement Charge (SIC), to assist water companies to fund the replacement and rehabilitation of infrastructure including aging water mains. These improvements are crucial to the future of service reliability and water quality. The surcharge is limited to and may not exceed three percent per year of the rates and charges applicable to each class of customers.

This surcharge procedure assists water companies such as Ohio American Water Company (Ohio American) to accelerate the replacement of old water mains to improve water quality, pressures, flows and long-term system viability and allows customers to pay as the infrastructure work is being completed. Because of the small increases for these improvements, the amount of future rate requests will likely decrease.

On January 12, 2011, Ohio American filed an application with the Public Utilities Commission of Ohio (PUCO) in Case No. 11-151-WW-SIC seeking authority to collect an SIC in the following districts: Ashtabula, Lawrence County, Mansfield, Marion [includes portions of unincorporated areas in Marion County and in Morrow County, the Pike County service area (Lake White), Preble County service area], and Tiffin in Seneca County. Ohio American sought authority from the PUCO for a SIC to recover costs related to certain qualifying infrastructure improvements to the company's

distribution system that are not included in the rates approved in the last rate case.

After the PUCO Staff conducted an investigation into the application, the PUCO approved Ohio American's request on June 1, 2011. The PUCO approved the collection of a SIC of 3.00% applied to the usage and customer charge for water service to your monthly/bi-monthly bill. The surcharge will appear on bills on or after June 1, 2011. The SIC surcharge will result in the average residential customer's bill being increased by \$1.15 a month for an average residential customer using 3,750 gallons of water per month in the Ashtabula, Lawrence County, Tiffin, Lake White, Preble County, and the metered customers in the Mansfield areas; \$1.20 a month for customers in the Marion area; and \$1.27 for unmetered customers in the Mansfield areas. This surcharge will continue to appear on future bills and may be adjusted or eliminated based upon decisions of the PUCO.

If you have any specific questions concerning SIC, the impact of the surcharge, your bill, or if you have any other questions, please call Ohio American's Customer Service Center at (800) 673-5999. You are a valued customer and we welcome the opportunity to discuss this important matter with you.



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